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SUBJECT: THE BARROSO COMMISSION: WHAT CAN WE EXPECT?

REF: A. USEU BRUSSELS 4739

[1](#)B. USEU BRUSSELS 4789 AND PREVIOUS

Classified By: Rick Holtzapple, PolOff, Reasons 1.4 (B/D)

SUMMARY

[1](#)1. (C) The new Barroso European Commission, having finally emerged from a rough confirmation process, takes office November 1. Barroso intends to project a more hands-on, activist approach focused on economic reform under the "Lisbon Agenda," but we expect a great deal of policy continuity. Greater integration and a growth-oriented agenda for the EU are goals the U.S. has in interest in, and this is indeed a more laissez-faire Commission on economics. But its impact is likely to be fewer damaging new proposals rather than changes in existing policies. On foreign policy, however, we expect few changes in priorities. Ferrero-Waldner is no Chris Patten, and Solana (who will increasingly assume a role as the EU's Foreign Minister) has made clear the Middle East is his priority. Barroso's transatlantic perspective is likely to be helpful on tone, but less so on substance, as he looks over his shoulder at certain Member State governments. END SUMMARY.

[1](#)2. (SBU) Commission President Barroso succeeded in getting a strong majority of the European Parliament to approve his Commission team, with two of his original nominees replaced, and one pair of portfolios swapped (REF A). Still, the last-minute controversy over the French Commissioner's undisclosed prior conviction for embezzlement, coupled with the EP's previous rejection, means Barroso is starting from a much deeper hole than he anticipated. Nonetheless, we can now draw some conclusions from the lengthy testimony by each Commissioner-delegate before the EP over the past month and a half. (Detailed recaps of the most important Commissioners' testimony will be provided septel.)

POLICY CONTINUITY, RATHER THAN INNOVATION, TO DOMINATE

[1](#)3. (SBU) A change in Commission is not analogous to a change in government in a Member State. No party or ideology has been voted into or out of power. Thus, policy continuity, rather than change or innovation, is the likeliest outcome. In a conversation with Ambassador recently, one long-serving Commissioner likened policy change in the Commission to the difficulties of turning an oil tanker.

[1](#)4. (SBU) In addition, the personnel changes brought on by a new Commission are shallow. Only the Commissioners and their personal cabinets change, and a considerable proportion of both groups are familiar faces, just in new jobs. Within the Directorates-General of the Commission, the supporting bureaucracy remains the same. The impact of this was particularly evident in the questionnaire responses provided by the Commissioners-designate in advance of their hearings. Without exception, it was clear these texts were drafted by the relevant staff and at most lightly edited by the Commissioners themselves. We are not aware of any instance where an incoming Commissioner challenged current Commission policy.

[1](#)5. (SBU) Adherence to existing policy was also the predominant theme in the Commissioners' oral testimony. This was understandable, as staying on the well-worn path proved to be the best strategy for avoiding controversy with MEPs, a lesson underlined when Justice, Freedom and Security (formerly Justice and Home Affairs) nominee Rocco Buttiglione spoke freely about his personal views about homosexuality and the role of women, even as he stressed that he would not change existing Commission and EU policies on non-discrimination protections. The firestorm that erupted eventually led to Buttiglione's replacement by former Italian FM Franco Frattini

[1](#)6. (SBU) That said, the Barroso Commission does include some significant personnel changes. Ten of the Commissioners, including Barroso himself, will be brand new to Brussels. And 11 returning Commissioners, primarily from the new Member States, served less than a year under Prodi. The ten Commissioners from the new Member States will begin exercising real authority for the first time. There are other changes as well. Seven of the new Commissioners are women, the highest number ever. And nearly a third of the

Commissioners hail from Europe's "liberal" parties (meaning parties generally skeptical about heavy state involvement in economic affairs), another high-water mark.

AMONG PRIORITIES: AN INCREASED FOCUS ON THE LISBON AGENDA

17. (C) The out-going Prodi Commission had a handful of "top priorities" -- enlargement, introduction of the Euro, involvement in institutional and treaty reform for the EU, the Tampere agenda for justice and home affairs, and the Lisbon Agenda to promote economic reform and competitiveness. As Prodi himself has recognized, it is on the last of these priorities that his Commission has most clearly failed to deliver. Barroso, however, has said his Commission will have one priority dominating all others: the Lisbon Agenda. (His other big push will be an internal effort to improve communications with European publics on what the EU is and does.)

18. (C) In this context, there is some chance Barroso's Commissioners responsible for economic issues will take a somewhat more "liberal" (i.e., market-oriented) approach. For example, Gunther Verheugen (Enterprise and Industry), Stavros Dimas (Environment), and Markos Kyprianou (Health and Consumer Protection) all made reference to the need to take industry concerns into account when considering EU legislation on chemicals, with Verheugen and Kyprianou noting that the legislation should avoid harming Europe's competitiveness. In the competition field, Commissioner-designate Nellie Kroes hinted at more focus on the structure of the market, and less on the size of the firms concerned, saying distortions to competition have nothing to do with the size of firms involved but with whether a monopoly exists. Even Taxation Commissioner Lazslo Kovacs, who faced opposition from the center-right EP parties because of his Communist past, said he did not believe tax competition per se was a bad thing. He only opposed "harmful" tax competition, but said he did not believe there was any evidence of a "race to the bottom" on corporate tax rates in the EU.

19. (C) Despite these slight shifts in emphasis on the new Commission in the areas of economic policy and regulation, we still expect a strong sense of policy continuity. From Peter Mandelson's testimony on trade policy to Dimas on GMOs to Jacques Barrot on transport, the common thread has been support for policies and legislative proposals put forward by their predecessors. In areas of direct relevance to transatlantic relations such as the Passenger Name Record agreement or US-EU aviation negotiations, Commissioners-designate Frattini and Barrot, respectively, supported current Commission positions (although Frattini hedged slightly by saying he wanted to see how the European Court of Justice would rule on the PNR issue). Several Commissioners, including Kyprianou and Charlie McCreevy (Internal Market), also stressed the need for the Commission to focus more on implementation and enforcement of existing regulation, rather than introducing new legislation. Where the "liberal bias" of the new Commission, if such exists, might make itself visible will be in reduced willingness to propose new legislation injecting EU-wide regulation into the market (such as the outgoing Commission's efforts on working time, temporary workers, or insurance discrimination).

EXTERNAL RELATIONS: EVEN MORE OF THE SAME

110. (C) While Commission economic policy may see a limited injection of new thinking, we forecast that Commission attitudes on external relations policy will be more familiar. Olli Rehn (Enlargement) indicated the Commission will remain institutionally committed to the enlargement process, although perhaps even more cautious than his predecessor, Gunther Verheugen, about the political constraints within the EU facing the next tranches of applicants: Romania, Bulgaria, Turkey and the Balkans. Benita Ferrero-Waldner (External Relations and Neighborhood Policy) and Louis Michel (Development and Humanitarian Aid) both were supportive of the EU's traditional tendency to pursue engagement as opposed to isolation of problem countries, which is not surprising as both have served as advocates for this approach repeatedly during their days as FMs in the EU's Council of Ministers. There may be slight shifts in emphasis from their predecessors, but within the context of existing policy. Michel, for example, has a strong interest in Africa. Ferrero-Waldner, for her part, can be expected to pay more attention to the EU's "Neighborhood" in both North Africa and the former Soviet Union, in part because she no longer needs to follow the Balkans, after that region's transfer to the Enlargement portfolio.

111. (C) The replacement of Buttiglione with Frattini has probably made continuity in this policy area also more likely. Frattini's testimony before the EP hewed closely to the existing Commission line, and was perhaps more skeptical

than even outgoing JHA Commissioner Vitorino about the value of considering potentially controversial initiatives such as off-shore reception centers for illegal immigrants and refugees. In other areas, a new multi-annual program for JHA has just been adopted (REF B), and it is certain to set the terms for the work of the Commission in this field.

CONCLUSION

12. (C) Our sense is that Barroso and his Commission have emerged from their battle with the EP weakened, but not crippled. As they assume office on November 22, they face the challenge of whether they should now act with particular care and attention to the EP (which the EP would love to see), or whether they need to assert themselves by using the right of initiative that the EU Treaties gives only to the Commission. It will take some time to see if any trend emerges. Those such as Trade Commissioner Mandelson or Enlargement Commissioner Rehn, who sailed easily through the confirmation process, are among those most likely to feel they have a mandate to act. For others, particularly Competition Commissioner Kroes or Taxation Commissioner Kovacs, the instinct may be to move more cautiously.

13. (C) New priorities and initiatives within the Barroso Commission may develop as Commissioners settle into their new roles, and as events provoke them. But all EU institutions (Commission, Council and Parliament) are likely to have a very inward focus in the coming years, as the EU adjusts to having ten new Members, debates its next five-year budget, and struggles to ratify its Constitutional Treaty. Over time, the new Commission team could prove slightly more "liberal" economically and slightly less "Euro-federalist" politically than its predecessor, with those shifts in tone perhaps most evident in the change at the very top from Prodi to Barroso. Barroso has so far appeared a self-confident operator, and his keen focus on the Lisbon Agenda and "Communicating Europe" may succeed in breathing real life into those two, somewhat moribund, policies. But this is not a new group brimming with new ideas or any revolutionary vision for the Commission or the EU as a whole. They will also have to be sensitive to how their actions are perceived in the run-up to referenda in many Member States on the Constitutional Treaty. Outside Barroso's determination to emphasize the Lisbon Agenda, which could produce a new and improved economic dynamic inside the EU, changes in policy will be nuanced at most, and in the end, from the U.S. perspective, even imperceptible. On balance, however, this continuity may not be a bad thing.

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